

**SECTION M**  
**EVALUATION FACTORS FOR AWARD**

**M-1. 52.217-3 EVALUATION EXCLUSIVE OF OFFERS (APR 1984) (DEVIATION)**

For the health care contract line item number (CLIN) (excluding Fee) the Government will evaluate offers, for award purposes, by including only the price for Option Period I; i.e. Option Periods II through V will not be included in the evaluation for award purposes.

**M-2. 52.217-5 EVALUATION OF OPTIONS (JUL 1990) (DEVIATION)**

For all contract line item numbers (CLINs), except for health care, except when it is determined in accordance with Federal Acquisition Regulation 17.206(b) not to be in the Government's best interests, the Government will evaluate offers for award purposes by adding the total price for all options to the total price for the basic requirement. Evaluation of options will not obligate the Government to exercise the option(s).

**M.3. Basis of Evaluation**

a. General

(1) This is a competitive source selection and will be conducted in accordance with the Federal Acquisition Regulation (FAR) and applicable supplements. The Government has established a Source Selection Evaluation Board (SSEB) to evaluate proposals submitted in response to this Request for Proposal (RFP). Proposals will be evaluated by the SSEB using the evaluation factors and subfactors identified below. The source selection resulting from this RFP will be based on the proposal representing the best overall value to the Government.

(2) Proposals which are unrealistic in terms of technical capability or are unrealistically high or low in cost will be deemed reflective of an inherent lack of technical competence or indicative of a failure to comprehend the proposed contractual requirements and will be rejected.

b. Evaluation Approach

The Government will evaluate:

(1) The extent to which the proposal exhibits a clear understanding of the work requirements and the means required to fulfill the requirements.

(2) The extent to which the proposal demonstrates an ability to meet or exceed the requirements defined in the RFP and the quality of service which is likely to result from implementation of an offerors' proposed methods.

(3) Feasibility of performing all RFP requirements within the total price proposed.

**M.4. Evaluation Factors**

Evaluation factors and subfactors are:

a. Factor 1 - Technical Approach (includes proposal risk)

(1) Subfactor 1 - MHS optimization

(2) Subfactor 2 - Beneficiary satisfaction

(3) Subfactor 3 - "Best value health care"

(4) Subfactor 4 – Transition In

(5) Subfactor 5 - Access to data

b. Factor 2 – Past Performance/Performance Risk

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c. Factor 3 – Cost/Price

**M.5. Evaluation Factor Relative Values**

- a. The technical approach factor (including proposal risk) is weighted the highest. Past performance factor is less important than the technical approach factor (including proposal risk) but more important than the price factor. Within the technical approach factor (including proposal risk), subfactors 1, 2, and 3 are more important than subfactors 4 and 5; and subfactor 4 is more important subfactor 5.
- b. All evaluation factors, other than cost or price, when combined, are significantly more important than cost or price.
- c. Offerors should be aware that if competing proposals are determined essentially equal in terms of non-price factors, the Government may determine that the best value decision is the lowest priced offer. The Government may make tradeoffs between technical subfactors, past performance and price when determining which offer constitutes the best value to the Government. This tradeoff process may result in an award to other than the low priced offer or other than the proposal with the highest non-price factor rating.

**M.6. Evaluation of Technical Approach**

Each technical proposal will be evaluated according to the evaluation factors and subfactors stated herein. Failure to address any of the specified technical subfactor requirements will be considered a significant weakness. Proposals will be evaluated on the basis of how well an offeror's proposed procedures, methods, and delivery of services meet or exceed the Government's minimum requirement. Where the Government has not specified a minimum requirement, the Government will evaluate the offeror's approach. The Government will consider offers that commit to higher performance for any requirement, if the offeror clearly describes the added benefit to the Government. In determining benefit to the Government, evaluators will consider only benefits that accrue to the Government, non-network providers, or beneficiaries. Each proposal will be evaluated separately and will be evaluated solely on its own merits.

a. Factor 1 – Technical Approach

Subfactor 1 - MHS optimization

Proposals will be evaluated for supporting the optimization of the direct care system through collaborative, DoD directed efforts in areas of medical management, referral management, provider network management, beneficiary and provider education, beneficiary/customer services, data management and data sharing, and resource sharing.

b. Factor 1 – Technical Approach

Subfactor 2 - Beneficiary satisfaction

The contractor's ability to highly satisfy TRICARE customers during each and every contact will be evaluated. The Government will evaluate the contractor's network access and stability model by Prime service area; referral management procedures; enrollment processing; all accessible avenues to customer service, including the variety of contemporary avenues (for example, telephone, facsimile, world wide web, e-mail) available to beneficiaries, providers, and MTFs to access information and data. The Government will also evaluate the offeror's ability to promptly and accurately process and reimburse claims. Proposals will be evaluated on the degree to which Government furnished material will be presented in a manner interesting to varied audiences and the offeror's ability to answer questions from the audience. The Government will also evaluate the standards proposed as well as the offeror's commitment to increase performance standards, as necessary, to achieve the required level of service.

c. Factor 1 – Technical Approach

Subfactor 3 - "Best value health care"

Proposals will be evaluated regarding approach to attaining the "best value in health care" as applicable to the Military Health System. This evaluation will evaluate the offeror's model for networks, resource sharing; medical management/care coordination; demand management including the use and training of self-help books; network management; referral management; customer service; claims processing, including edits to ensure the medical necessity

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and appropriateness of the services rendered, and unbundling software, beneficiary and provider education and the offeror's commitment to supporting the MTF.

Proposals will also be evaluated based on the offeror's approaches for achieving the 50<sup>th</sup> percentile of the NCQA's HEDIS measures based on all reporting plans for TRICARE Prime enrollees who are the fiscal responsibility of the offeror during the first two option periods of the contract will be evaluated. The offeror's ability to increase performance above the 50<sup>th</sup> percentile of all reporting plans in the U.S. on the HEDIS measures during each subsequent option period will also be evaluated. The Government will only favorably consider offers that include an increase in the Government's minimum requirement of achieving the 50<sup>th</sup> percentile of all reporting plans each year of the contract. Proposals that include only minimal increases will not be considered as favorably as proposals committing to substantial increases each year.

d. Factor 1 – Technical Approach

Subfactor 4 - Transition In

Proposals will be evaluated for implementing TRICARE in a manner that ensures that all aspects of the program are fully operational according to the requirements of the contract to include transitional activities. The offeror's approach to minimizing disruption to beneficiaries and the MTFs will also be evaluated. The evaluation will consider the contractor's approach to claims processing, marketing and education, resource sharing and the extent to which existing networks will provide the current level of service. Proposals will also be evaluated based on the offeror's plan for and ability to assume a second TRICARE Managed Care Support contract region within 60 calendar days of notification.

e. Factor 1 – Technical Approach

Subfactor 5 - Access to data

The ease with which the offeror provides access, the breadth and depth of information/data available, and the training and on-going support proposed by the contractor will be evaluated. Proposals that do not include on-line, real-time access to data will be considered unacceptable.

**M.7. Evaluation of Past Performance/Performance Risk**

a. Past performance will be evaluated utilizing the information obtained from past performance documentation furnished with the proposal and information obtained from other sources. Assessing an offeror's past performance is the Government's method of evaluating the credibility of an offeror's proposal and their capability to meet performance requirements.

b. The Government will evaluate past performance as it relates to fulfilling the functional requirements of all elements in Section C of this request for proposals (RFP). The outcome is to determine a confidence level in an offeror's ability to successfully perform all requirements. An offeror's description of their past performance, the reports and findings described below, the references provided, including appraisals completed by the references, and those developed by the Government, will be used to develop a performance confidence level. Providing references that cannot be contacted by the Government may have an adverse impact on the past performance evaluation of an offeror.

c. If an offeror has no past performance history relating to the requirements stipulated in this RFP, the offeror's past performance rating will be neutral and will not be evaluated favorably or unfavorably. This rating is neither negative nor positive. Neutral is merely indicative of a lack of prior performance in the area of the requirements as outlined in this RFP. If an offeror submits applicable past performance information from a predecessor company or from a partner of consortium member, this information will be considered in rendering a performance confidence level rating. This rating will be based on the amount of past performance, its applicability to the requirements of this RFP, and the amount of control the partner or consortium member had in the daily operations of the offeror. An offeror may submit past performance information on its key personnel where no other past performance information is available. The Government will also utilize their own records relating to predecessor companies, partners, consortium members, or key personnel where applicable and relevant. The Government will consider this information in rendering a performance confidence level rating. This rating will be based on the employee's role in the company and the amount of past performance the employee had related to the requirements of this RFP. Irrespective of whether the past performance data relates to a partner, consortium member, or an employee or group of employees, the Government may still render a performance confidence level of neutral if convincing and relevant past performance information is not available. If the foregoing information is not available, the Government may use relevant past performance information of subcontractors

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with a significant functional role in performing the contract. If the subcontractor(s) does(do) not have relevant past performance information, a performance confidence level of neutral will be assessed.

**M.8. Evaluation of Cost/Price**

The Government will determine a probable cost for the first option period, based on the evaluated cost/price for each Contract Line Item Number (CLIN) proposed for the option period, with the exception of transition out. The remaining evaluated prices will be summed into a total evaluated price, with the exception of the transition out effort. The highest proposed price for transition out services will be included in the total evaluated price. A probable cost for the first option period of performance and a total evaluated price will be calculated for each offeror for each contract region, if multiple regions are proposed, for contract award consideration. All proposed prices shall be evaluated for unbalanced pricing. Evaluation of individual proposed costs/prices will be accomplished as detailed below.

**a. Administrative Prices**

- (1) The proposed transition-in price will be evaluated for reasonableness.
- (2) The proposed fixed fee amounts for case management/disease management will be evaluated for reasonableness.
- (3) The evaluated price for the claims processing effort will be calculated by extending the offeror's proposed claim rate for each category (electronic, paper, and, in the South region only, foreign) by the Government claims volume estimates for each option period, provided in Attachment L-8. These estimates are used for evaluation purposes only. The proposed claim rates will be evaluated for reasonableness. The supporting cost information will be analyzed for cost realism. Results of this analysis may be used to assess the offeror's proposal risk, and may be used by the Contracting Officer in making a responsibility determination.
- (4) The proposed price for TSCs will be evaluated for reasonableness.
- (5) The evaluated price for the PMPM administrative effort will be calculated by extending the offeror's proposed PMPM rates by the Government's estimate of the number of MHS eligible beneficiaries for each option period, provided in Attachment L-8. These estimates are used for evaluation purposes only. The proposed PMPM rates will be evaluated for reasonableness. The supporting cost information will be analyzed for cost realism. Results of this analysis may be used to assess the offeror's proposal risk, and may be used by the Contracting Officer in making a responsibility determination.
- (6) The proposed prices for transition out services will be evaluated for reasonableness.

**b. Health Care Prices**

- (1) A cost realism analysis will be performed on the proposed target cost for underwritten health care for the first option period to determine the probable cost of performance for each offeror. This cost may differ from the proposed cost and will reflect the Government's best estimate of the cost of any contract that is most likely to result from the offeror's proposal. The probable cost shall be used for evaluation purposes, and will be determined by adjusting each offeror's proposed cost, and fee when appropriate, to reflect any additions or reductions in cost elements to realistic levels based on the results of the cost realism analysis. The Government will evaluate the offeror's cost buildup methodology and justification for assumptions in association with the offeror's technical approach, as well as review the mathematical accuracy of the proposal. For those aspects of the buildup determined to be unrealistic, the Government will adjust the proposed target cost and target underwriting fee, in accordance with the fee adjustment formula, for evaluation purposes only.
- (2) A Government estimate of the number of non-TRICARE/Medicare dual-eligible CHAMPUS beneficiaries will be used in performing the cost realism analysis, and is provided in Attachment L-8.
- (3) The target underwriting fees proposed for the remaining option periods will be evaluated for reasonableness.